



Daffodil International University

Department of Computer Science and Engineering

Faculty of Science & Information Technology

Final Examination, Spring-2025

Course Code: ACT327, Course Title: Financial and Managerial Accounting

Level: 3 Term: 1 Batch: 64

Time: 2 Hour

Marks: 40

Answer ALL Questions

[The figures in the right margin indicate the full marks and corresponding course outcomes. All portions of each question must be answered sequentially.]

1.	a)	"In making a short-term production decision, why is it important to distinguish between fixed and variable costs, and how do opportunity costs and sunk costs influence rational decision-making in this context?"	[4]	CO1																																																																												
	b)	"Why is the accounting equation considered the foundation of the double-entry accounting system, and how does it ensure the accuracy and integrity of financial records?"	[4]																																																																													
2.		<p>The Adventure Firm was started on July 1. The following events and transactions occurred during the month of July:</p> <ul style="list-style-type: none"> July 1 Firm invested Tk. 70,000 cash and Equipment Tk. 30,000 in the business. 9 Incurred Rent expenses of Tk. 6,500 on account. 11 Service performed for cash Tk. 30,000 & billed to the customer for Tk. 15,000. 12 Hired park manager at a salary of Tk. 20,000 per month effective from August 1. 13 Paid Tk. 1,500 cash for a one year insurance policy. 17 Received Tk. 10,000 in for service performed. 30 Paid Tk. 1,500 for Advertising Bill incurred at July 9 		CO3																																																																												
	a)	Demonstrate the above transactions by journalizing them.	[3]																																																																													
	b)	Show ledger accounts for Cash account	[2]																																																																													
3.		<p>At the end of its First month of operations Rupa Answering Service has the following unadjusted trial balance.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th colspan="4" style="text-align: center;">RUPA ANSWERING SERVICE</th> </tr> <tr> <th colspan="4" style="text-align: center;">July 31, 2024</th> </tr> <tr> <th colspan="4" style="text-align: center;">Trial Balance</th> </tr> <tr> <th style="width: 35%;"></th> <th style="width: 20%; text-align: center;">Debit (TK.)</th> <th style="width: 20%;"></th> <th style="width: 25%; text-align: center;">Credit (TK.)</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">50,000</td> <td></td> <td></td> </tr> <tr> <td>Prepaid Insurance</td> <td style="text-align: right;">5,800</td> <td></td> <td></td> </tr> <tr> <td>Account Receivable</td> <td style="text-align: right;">8,300</td> <td></td> <td></td> </tr> <tr> <td>Supplies</td> <td style="text-align: right;">12,500</td> <td></td> <td></td> </tr> <tr> <td>Accumulated Depreciation- Equipment</td> <td></td> <td></td> <td style="text-align: right;">1,300</td> </tr> <tr> <td>Furniture</td> <td style="text-align: right;">35,000</td> <td></td> <td></td> </tr> <tr> <td>Unearned Service Revenue</td> <td></td> <td></td> <td style="text-align: right;">5,800</td> </tr> <tr> <td>Account Payable</td> <td></td> <td></td> <td style="text-align: right;">2,500</td> </tr> <tr> <td>Mortgage Payable</td> <td></td> <td></td> <td style="text-align: right;">45,000</td> </tr> <tr> <td>Rent Expense</td> <td style="text-align: right;">13,000</td> <td></td> <td></td> </tr> <tr> <td>Owner's Capital</td> <td></td> <td></td> <td style="text-align: right;">63,000</td> </tr> <tr> <td>Owner's Drawings</td> <td style="text-align: right;">5,100</td> <td></td> <td></td> </tr> <tr> <td>Service Revenue</td> <td></td> <td></td> <td style="text-align: right;">22,800</td> </tr> <tr> <td>Salaries and Wages Expense</td> <td style="text-align: right;">8,300</td> <td></td> <td></td> </tr> <tr> <td>Miscellaneous Expense</td> <td style="text-align: right;">2,400</td> <td></td> <td></td> </tr> </tbody> </table>	RUPA ANSWERING SERVICE				July 31, 2024				Trial Balance					Debit (TK.)		Credit (TK.)	Cash	50,000			Prepaid Insurance	5,800			Account Receivable	8,300			Supplies	12,500			Accumulated Depreciation- Equipment			1,300	Furniture	35,000			Unearned Service Revenue			5,800	Account Payable			2,500	Mortgage Payable			45,000	Rent Expense	13,000			Owner's Capital			63,000	Owner's Drawings	5,100			Service Revenue			22,800	Salaries and Wages Expense	8,300			Miscellaneous Expense	2,400				CO4
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	<p>Total <u>1,40,400</u> <u>140,400</u></p> <p>Other Data:</p> <ol style="list-style-type: none"> 1. A Physical count reveals only Tk. 8,500 of Supplies is unused at the end of the month. 2. Tk. 2,500 of unearned service revenue has been remain unearned at the end of the month. 3. The insurance policy is for 4 years. 4. Salaries and Wages expense accrued Tk. 4,500 but not paid yet. 5. The mortgage interest rate is 5%. 																			
	<p>Instructions:</p> <p>Develop a Worksheet for the month of July.</p>	[10]																		
4.	<p>Faria Company manufactures and sells a specialized cordless telephone for high electromagnetic radiation environments. The company's contribution format income statement for the most recent year is given below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>Total</u></th> <th style="width: 20%; text-align: center;"><u>Per unit</u></th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td style="text-align: right;">18,00,000</td> <td style="text-align: right;">60</td> </tr> <tr> <td>Less Variable expense</td> <td style="text-align: right;"><u>?</u></td> <td style="text-align: right;"><u>40</u></td> </tr> <tr> <td>Contribution Margin</td> <td style="text-align: right;">?</td> <td style="text-align: right;">20</td> </tr> <tr> <td>Less Fixed expense</td> <td style="text-align: right;"><u>4,00,000</u></td> <td></td> </tr> <tr> <td>Net income</td> <td style="text-align: right;">?</td> <td></td> </tr> </tbody> </table>		<u>Total</u>	<u>Per unit</u>	Sales	18,00,000	60	Less Variable expense	<u>?</u>	<u>40</u>	Contribution Margin	?	20	Less Fixed expense	<u>4,00,000</u>		Net income	?		CO4
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	<p>a) Select the breakeven point in units and sales? How many units have to be sold to earn a minimum target profit of 80,000?</p> <p>b) Without resorting to computation construct the contribution margin at break-even point? Identify the degree of operating leverage? If in the next year sales increase by 15% then Select the expected percentage increase in net operating income? (use degree of operating leverage)</p>	[2] [5]																		
5.	<p>The following selected account balances Delta Tools Ltd. for the year ended December 31, 2024:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">January 1, 2024</th> <th style="width: 20%; text-align: center;">December 31,</th> </tr> </thead> <tbody> <tr> <td>2024</td> <td></td> <td></td> </tr> <tr> <td>Raw Materials</td> <td style="text-align: right;">Tk. 55,000</td> <td style="text-align: right;">Tk. 35,000</td> </tr> <tr> <td>Work in Process</td> <td style="text-align: right;">Tk. 20,000</td> <td style="text-align: right;">Tk. 15,000</td> </tr> <tr> <td>Finished Goods</td> <td style="text-align: right;">Tk. 38,000</td> <td style="text-align: right;">Tk. 20,000</td> </tr> </tbody> </table> <p>Other Account Balances:</p> <ul style="list-style-type: none"> Direct labor: Tk. 4,20,000 Raw materials purchased: Tk. 1,80,000 Freight-in: Tk. 4,500 Purchase returns and allowances: Tk. 6,000 Factory rent: Tk. 60,000 Indirect materials : Tk. 8,000 Factory equipment depreciation: Tk. 88,000 Factory utilities: Tk. 40,000 Factory insurance: Tk. 10,000 Administrative salaries: Tk. 62,000 Office utilities: Tk. 12,000 Sales revenue: Tk. 31,00,000 Sales commissions: Tk. 50,000 Advertising expense: Tk. 18,000 Delivery expense (freight-out): Tk. 6,000 Sales returns and allowances: Tk. 10,000 Sales discounts: Tk. 9,000 		January 1, 2024	December 31,	2024			Raw Materials	Tk. 55,000	Tk. 35,000	Work in Process	Tk. 20,000	Tk. 15,000	Finished Goods	Tk. 38,000	Tk. 20,000	CO4			
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	<p>Instruction:</p> <p>Build a schedule of Cost of goods sold and Income statement for the year ended.</p>	[10]																		